

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF JOHN R.) APPEAL NO. 07-A-2496
GAITHER from the decision of the Board of) FINAL DECISION
Equalization of Idaho County for tax year 2007.) AND ORDER

LAND AND MANUFACTURED HOME APPEAL

THIS MATTER came on for hearing October 23, 2007 in Grangeville, Idaho before Board Member Linda S. Pike. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant John Gaither appeared. Assessor James Zehner and Appraiser Kim Nuxoll appeared for Respondent Idaho County. This appeal is taken from a decision of the Idaho County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RP30N03E089500A.

The issue on appeal is the market value of a manufactured home and its associated land.

The decision of the Idaho County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$82,104, the other improvements' valuation is \$4,423, and the manufactured home valuation is \$111,159, totaling \$197,686. Appellant requests the land value be reduced to \$50,000, the other improvements' value be reduced to \$5,000, and the manufactured home value be reduced to \$80,000, totaling \$135,000.

The subject property is a 2003 Fleetwood Home of 2,052 square feet located on 7.118 acres in Idaho County. A garage/shop building is also situated on the subject parcel.

Appellant claimed the assessment is excessive and arbitrary and not based on true comparable sales or actual costs. According to Appellant the land was purchased in 2002 for \$3,613 per acre, or \$25,717. The manufactured home was purchased in June 2004 for \$68,360.

Appellant's Exhibit No. 1 indicated an assessed value increase of 219% on the land and 70% on the manufactured home. The exhibit also included a newspaper advertisement for 10 acres located four miles from Grangeville listed for \$135,000. The property was described as horse property with beautiful prairie and mountain views. Seven, 10 and 13 acre parcels were also advertised for sale with prices starting at \$59,900. 100 acre property started at \$2,500 per acre. This property was priced for "quick sale" and was described as offering nearly a 360-degree view of Tolo Lake, Rocky Canyon and the Selway Mountain Range. The *Shopper* was dated October 16, 2007.

Appellant thus maintained prices for land range from \$2,500 to \$10,000 per acre or a little more. MLS sales were also provided which included one four-acre parcel which sold for \$22,000 and another for \$42,000. A 3.5-acre parcel sold for \$62,250. Appellant opined the value is dependant on what a buyer wants, needs, or likes about a property. Therefore, the prices paid for property were said to be erratic and inconsistent. It was maintained subject's 7.11 acres should be valued for no more than \$50,000.

Concerning the manufactured home, Appellant stated it should be assessed at no more than the current replacement cost. The subject home could be replaced by a 2,026 square foot manufactured home for \$82,900, or \$40.02 per square foot. (See Exhibit for Fleetwood Homes Model 4764X and specifications.) Appellant built the barn on subject property and claimed the cost was about \$5,000.

The County personnel testified Idaho Code requires a market value assessment on all taxable property. Sale prices were compared to assessed values to determine how close to market value current assessments were. In 2006, most property categories in Idaho County were lower than the statute required. The sales analysis indicated that the assessed values of

manufactured homes was 30% low. A positive trend of 30% was applied to the 2005 assessed values of manufactured homes to increase those assessments to market value. Twenty-five land sales indicated rural land was also undervalued and a positive 5% trend was applied to 2005 land assessments to bring these assessments closer to current market value.

In 2007, six (6) vacant land sales indicated land values were again too low and a positive 60% trend was applied. Additionally, new sales indicated manufactured home values were below market value and the 2006 assessed values were again increased by adding a positive 25% trend.

Sixty-one (61) bare land sales were analyzed resulting in an average land size of 7.131 acres and an average sale price of \$9,077 per acre.

The County Appraiser testified subject's 7.118 acres included a bare land one-acre homesite which was assessed at \$14,000. Added to the one-acre land value was \$4,000 for power, access, well and septic system, and a residence hookup, for a total homesite value of \$18,000. The County Appraiser used Appellant's total contiguous ownership of 15.445 acres when estimating the value of subject land. This reduced the overall per acre value for the unimproved land to \$5,464.

The Respondent's exhibit included an analyses of manufactured home sales from dealers prior to installation and a comparison of dealer sale prices to NADA bluebook values. The exhibit also included several photographs of manufactured homes which sold in place, i.e. with foundations and land included. The sales in this study took place between 2005 and 2007 and the prices ranged from \$110,000 to \$232,000. The construction year of the homes considered in the exhibit ranged from 1992 to 2007 and the square footage ranged from 1,040 to 2,400. The analyses presented a price range per square foot from \$50.27 to \$65.10. Subject's 2003

Fleetwood home is assessed for \$54.17 per square foot including the foundation. Respondent maintained subject's assessment was fair and equitable.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Appellant submitted a drawing of a replacement manufactured home with 2,026 square feet for a price of \$82,900. The plan was received from a Fleetwood home dealer. The rate per square foot to replace subject with this home is therefore \$40.92.

Respondent's exhibit included average values (prices) for manufactured homes ranged from \$50.27 to \$65.10 per square foot depending on the analysis conducted. The County's analysis "AI Category 48 Sales" extracted acreage, foundation and other improvements from the sale price to indicate a residual price per square foot which ranged from \$40.70 to \$83.15. The average price was \$61.39 per square foot.

The Board finds the land trend factors underlying the subject parcel assessment were supported by the available land sales and ratio study results. A direct comparison of land sales to the subject land was not submitted. We do however believe the land values may be somewhat understated due to the assemblage value incorporated by referencing Appellant's total acreage of contiguous ownership. The understatement was apportioned back to the subject acreage and its assessment. If land value, foundation, and other improvement values are understated, the residual value for the manufactured home could be overstated.

The photographs of the manufactured home sales reflect differing architectural designs.

The quality of the sold homes in comparison to the subject home was not discussed by the Respondent. The Appellant did comment about the quality and simplicity of the subject home, in contrast to the many quality options available when purchasing a manufactured home. It was persuasively demonstrated that subject was relatively very simple.

Of particular interest was the difference in sale prices of manufactured homes from dealers and the Respondent's extracted home values after deductions for foundation, land and other improvements from the sale prices. The average dealer price was \$51.08 per square foot before installation. Respondent's extracted average price per square foot was \$61.39. Appellant's replacement price new of a comparable home was \$40.92.

The market value of a property would certainly reflect the cost of acquiring an equally functional and desirable substitute. In this case, Appellant persuasively demonstrated the cost of acquiring a subject replacement home was about \$41 per square foot. However, the foundation cost was not included.

Based on the evidence before the Board, we find the assessed value of the subject manufactured home is overstated. The Board concurs with the Board of Equalization decision for a land at \$82,104, and the other improvements' value of \$4,423. However we find a reduction in the manufactured home value is warranted and believe \$48 per square foot best represents the indicated cost and other price evidence. The total home value will therefore be set at \$98,496, for a total parcel value of \$185,023.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Idaho County Board of Equalization concerning the subject parcel be, and the same hereby is, modified to reflect a decrease in the Category 48 value to \$98,496, for a total parcel value of

\$185,023.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED MARCH 7, 2008